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IN REPLY REFER TO:

Ansley Watson, Jr.
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October 17, 2005

VIA E-FILING

Blanca S. Bayo, Director
Division of Commission Clerk & Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 050003-GU – Purchased gas adjustment (PGA) true-up

Dear Ms. Bayo:

Enclosed for filing with the Commission, please find Peoples Gas System's Prehearing Statement. A diskette containing the document in MS Word format is being sent via Federal Express tonight.

Thank you for your usual assistance.

Sincerely,



Ansley Watson, Jr.

AWjr/a
Enclosures

cc: Mrs. Kandi M. Floyd
Matthew R. Costa, Esquire
Parties of Record

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Purchased gas adjustment)
(PGA) true-up.)
_____)

DOCKET NO. 050003-GU
Submitted for filing:
10-17-05

**PEOPLES GAS SYSTEM'S
PREHEARING STATEMENT**

Peoples Gas System ("PGS"), by its undersigned attorneys, submits the following Prehearing Statement for the hearing scheduled to be held in the above docket November 7-9, 2005.

A. WITNESSES

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
(Direct)		
W. Edward Elliott (PGS)	Projected gas costs, therm sales and weighted average cost of gas ("WACOG"); final PGA true-up amount for January 2004 - December 2004; estimated PGA true-up amounts for January 2005 - December 2005; total PGA true-up amount for January 2006 - December 2006; and levelized PGA cost recovery (cap) factor for January 2006 - December 2006	1-5

B. EXHIBITS

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
_____ (EE-1)	Elliott	Calculation of final true-up for January 2004 - December 2004 (Schedule A-7)

(EE-2)

Elliott

Calculation of estimated true-up for January 2005 – December 2005; total true-up for January 2006 – December 2006); calculation of PGA factor for January 2006 – December 2006 (Schedules E-1 through E-5)

C. STATEMENT OF BASIC POSITION

PGS's Statement of Basic Position:

The Commission should approve PGS's final PGA true-up amount of \$12,577,822 (underrecovery) for the period January 2004 through December 2004; its estimated PGA true-up amount of \$15,709,214 (overrecovery) for the period January - December 2005; and its levelized PGA (cap) factor of \$1.50033 per therm for the period January 1 through December 31, 2006. (Elliott)

D. STATEMENT OF ISSUES AND POSITIONS

Generic Purchased Gas Adjustment Issues

ISSUE 1: What are the appropriate final purchased gas adjustment true-up amounts for the period January 2004 through December 2004?

PGS: \$12,577,822 underrecovery (Elliott)

ISSUE 2: What are the estimated purchased gas adjustment true-up amounts for the period January 2005 through December 2005?

PGS: \$15,709,214 overrecovery (Elliott)

ISSUE 3: What are the total purchased gas adjustment true-up amounts to be collected or refunded during the period January 2006 through December 2006?

PGS: \$3,131,392 overrecovery (Elliott)

ISSUE 4: What are the appropriate levelized purchased gas cost recovery (cap) factors for the period January 2006 through December 2006?

PGS: \$1.50033 per therm (Elliott)

ISSUE 5: What should be the effective date of the new purchased gas adjustment charge for billing purposes?

PGS: The charge should be effective beginning with the specified purchased gas cost recovery cycle and thereafter for the period January 2006 through December 2006. Billing cycles may start before January 1, 2006, and the last cycle may be read after December 31, 2006, so that each customer is billed for twelve months regardless of when the adjustment charge became effective. (Elliott)

E. STIPULATED ISSUES

None as to PGS.

F. PENDING MOTIONS

None as to PGS.

G. PENDING CONFIDENTIALITY CLAIMS OR REQUESTS

PGS has no pending confidentiality claims or requests at this time.

H. COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE

PGS has complied with all requirements of the Order Establishing Procedure in this docket.

Dated this 17th day of October, 2005.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the foregoing Prehearing Statement has been furnished by U. S. Mail this 17th day of October, 2005, to the following:

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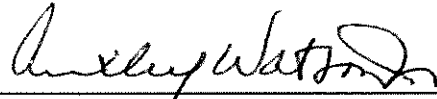
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